



The Corporation of **THE CITY OF NORTH VANCOUVER**
FINANCE DEPARTMENT

REPORT

To: Mayor Darrell R. Mussatto and Members of Council
From: Navin Chand, Deputy Director of Finance
SUBJECT: 2016 – 2025 FINANCIAL PLAN BYLAW
Date: April 6, 2016 File No: 05-1700-03-0001/2016

The following is a suggested recommendation only. Please refer to Council Minutes for adopted resolution.

RECOMMENDATION:

PURSUANT to the report of the Deputy Director of Finance, dated April 6, 2016, entitled “2016 – 2025 Financial Plan Bylaw”:

THAT “Financial Plan for the Years 2016 to 2025 Bylaw, 2016, No. 8478” be brought forward for consideration by Council.

PURPOSE

The purpose of this report is to seek Council approval for the 2016 – 2025 Financial Plan Bylaw.

BACKGROUND:

The Community Charter requires the preparation and adoption of a Financial Plan covering at least five years, including both operating and capital items, prior to May 15 each year. As well, it is a requirement that public consultation take place during the budget process.

DISCUSSION:

The Financial Plan Bylaw presented for endorsement reflects the approval by Council at the Finance Committee Meeting on April 4, 2016 for an overall tax rate increase of 3.9%. This provides for sufficient funding for general operations, increased infrastructure

funding, increased funding for Harry Jerome project and also funds the City staff recommended new items.

As required by the Province, the Financial Plan Bylaw also contains revenue and tax policy statements addressing the following issues:

1. Revenue Proportions by Funding Source
2. Distribution of Property Taxes among the Property Classes
3. Use of Permissive Tax Exemptions

FINANCIAL IMPLICATIONS:

Financial implications have been addressed in detail during the 2016 – 2025 Financial Planning process which included separate discussions on utility rate setting (water, sewer, solid waste etc.), 2016 program plan (operating), and the 2016 – 2025 project plan (capital).

STRATEGIC PLAN IMPLICATIONS:

The preparation and approval of a Budget which forms part of the Financial Plan is consistent with the requirements of the Community Charter, with the 2016 Financial Plan Objectives, and with several of the objectives of the City's Strategic Plan, namely:

- C2 Balance economic and social needs of community;
- F1 Current and future programs, policies and operations shall fit within the City's financial capacity;
- F2 Build sufficient statutory reserves to fund the 10 Year Capital Plan.

RESPECTFULLY SUBMITTED:



Navin Chand
Deputy Director of Finance

THE CORPORATION OF THE CITY OF NORTH VANCOUVER

BYLAW NO. 8478

Financial Plan for the Years 2016 to 2025

The Council of The Corporation of the City of North Vancouver, in open meeting assembled, enacts as follows:

1. This Bylaw shall be known and cited for all purposes as **“Financial Plan for the Years 2016 to 2025 Bylaw, 2016, No. 8478”**.
2. Schedule “A” attached hereto is the Financial Plan of The Corporation of the City of North Vancouver for the period commencing January 1, 2016, and ending December 31, 2025.

READ a first time by the Council on the 11th day of April, 2016.

READ a second time by the Council on the 11th day of April, 2016.

READ a third time and passed by the Council on the 11th day of April, 2016.

ADOPTED by the Council, signed by the Mayor and City Clerk and affixed with the Corporate Seal on the 2nd day of May, 2016.

“Darrell R. Mussatto”

MAYOR

“Karla D. Graham”

CITY CLERK

**SCHEDULE "A" TO BYLAW NO. 8478
CITY OF NORTH VANCOUVER FINANCIAL PLAN
FOR THE YEARS 2016 – 2025**

(1) 2016 – 2025 Financial Plan (000's)

For the year ended December 31	2016	2017	2018	2019	2020	2021-2025
Revenue						
Property Value Tax	53,811	55,931	58,121	60,385	62,724	325,700
Parcel Taxes	2,494	2,569	2,646	2,725	2,807	15,351
Revenue from Fees and Services	32,482	33,409	34,379	35,442	36,565	198,247
Revenue from Other Sources	4,159	4,204	4,250	4,296	4,343	22,012
	92,946	96,113	99,396	102,848	106,439	561,310
Transfers						
Collections for Other Governments	43,413	44,281	45,167	46,070	46,991	239,655
Transfer from Reserves	67,868	32,281	23,813	21,512	20,962	113,496
External Contributions	18,832	2,611	6,964	1,340	1,273	5,107
Depreciation	12,500	12,750	13,005	13,265	13,530	69,005
	142,613	91,923	88,949	82,187	82,756	427,263
Total Revenues	235,559	188,036	188,345	185,035	189,195	988,573
Expenditures						
Operating Expenses						
General Government	18,484	19,038	19,609	20,197	20,803	107,135
Transportation and Transit	5,109	5,262	5,420	5,583	5,750	29,615
Health, Social Services, Housing	2,712	2,794	2,878	2,964	3,053	15,725
Development Services	4,510	4,645	4,784	4,928	5,076	26,140
Protective Services	24,970	25,719	26,491	27,286	28,105	144,740
Parks, Recreation and Culture	18,161	18,705	19,266	19,844	20,439	105,260
Water	9,289	9,668	10,079	10,508	11,112	67,348
Sewer	7,798	8,121	8,486	8,868	9,258	52,545
Solid Waste	4,466	4,597	4,731	4,868	5,011	27,277
	95,499	98,549	101,744	105,046	108,607	575,785
Capital Expenditures	80,434	28,783	24,250	16,284	15,149	75,305
Transfers						
Collections for Other Governments	43,413	44,281	45,167	46,070	46,991	239,655
Equity	6,902	6,646	6,845	7,050	7,262	37,400
Reserves	9,311	9,777	10,339	10,585	11,186	60,428
	59,626	60,704	62,351	63,705	65,439	337,483
Total Expenses	235,559	188,036	188,345	185,035	189,195	988,573

**SCHEDULE "A" TO BYLAW NO. 8478
CITY OF NORTH VANCOUVER FINANCIAL PLAN
FOR THE YEARS 2016 – 2025**

(2) Revenue Proportions by Funding Source
(Excluding Transfers from Reserves and Collections for Other Governments)

	(000's)									
	2016	%	2017	%	2018	%	2019	%	2020	%
Property Value Tax	53,811	58	55,931	58	58,121	58	60,385	59	62,724	59
Parcel Taxes	2,494	3	2,569	3	2,646	3	2,725	3	2,807	3
Revenue from Fees	32,482	35	33,409	35	34,379	35	35,442	34	36,565	34
Revenue from other Sources	4,159	4	4,204	4	4,250	4	4,296	4	4,343	4
Total Revenues	92,946	100	96,113	100	99,396	100	102,848	100	106,439	100

Background: Property Taxes are the City's major source of revenue. The City's reliance on property tax as a source of revenue has increased gradually over the past several years. This is partially due to the lack of access to other types of revenues. Where feasible, the City charges user fees for services, however this is not possible for many services. In preparing the 2016 Financial Plan, the City's goal has been to maintain the current percentage of revenue coming from property taxes; however the City continues to rely heavily on this source of revenue to fund a large portion of City services and infrastructure.

Policy: Under Council's direction, the City will continue to look for ways to reduce the overall percentage of revenue that comes from property tax, by pursuing alternate revenue sources, and remains committed to charging user fees for services where feasible.

(3) Distribution of Property Taxes among the Property Classes

Property Class and Description	Tax Allocation %	
	2015	2016
1 Residential	55.12%	55.92%
2 Utilities	0.68%	0.66%
4 Major Industry - Capped	7.17%	7.30%
4 Major Industry - Non capped	0.70%	0.70%
5 Light Industry	0.84%	0.83%
6 Business	35.46%	34.56%
8 Recreation/Non-Profit	0.03%	0.03%

Background: In 2008 City Council adopted a Long Term Property Tax Strategy which will shift taxes from the business and light industrial tax classes, to the residential tax class. The goal of this policy was to move the City's tax rates and tax rate multiples to a competitive position within the Metro Vancouver Region, while maintaining principles of fairness and equity.

Adjusting down the ratio of the business tax rate to the residential rate (i.e. the tax multiple) continues to be a challenge based on the continued extraordinary growth in the residential sector.

Policy: The City will continue to review the distribution of property tax among the various property classes and consider other measures as a gauge of success.

**SCHEDULE "A" TO BYLAW NO. 8478
CITY OF NORTH VANCOUVER FINANCIAL PLAN
FOR THE YEARS 2016 – 2025**

(4) Use of Permissive Tax Exemptions

Background: Council currently allows permissive tax exemptions to organizations within the City, based on eligibility criteria as defined under the Community Charter. This includes religious institutions, not for profit societies, service organizations and providers of social housing whose services and programs align with the City's goals and objectives.

Policy: The City has adopted a policy along with a set of criteria which are based on linking taxation exemptions to desired community outcomes for the services provided. All existing permissive tax exemptions are reviewed each year and staff will continue to work with all organizations who receive a Permissive Tax Exemption to ensure that their services align with the goals and objectives of the City.

Council will continue to carefully consider the total amount of permissive exemptions granted each year, when reviewing the annual Property Tax Exemption bylaw, giving consideration to the equity of shifting the exempted tax burden to other property owners in the City.